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E.O. 12958: DECL: 06/02/2016
TAGS: [ECON](#) [ENRG](#) [EPET](#) [GR](#)
SUBJECT: CYPRUS AND AZERBAIJAN: ANOTHER OBSTACLE FOR
CASPIAN NATURAL GAS REACHING ITALY THROUGH GREECE

Classified By: DCM Tom Countryman under E.O. 12958 1.4 (b) and (d)

¶1. (C) Summary: Ambassador met with Ambassador of Azerbaijan to Greece, Mir-Hamza Efendiyev, on June 1, to discuss the Turkey-Greece-Istanbul natural gas interconnector (TGI). Ambassador outlined the current state of play and likely Russian efforts to get the GoG to accept Gazprom supplied gas for the TGI in return for Russian support for the Bourgas-Alexandropoulos (B-A) oil pipeline (a joint Greek, Bulgarian, Russian Bosphorous bypass project). Ambassador also stressed the need for the Azeris to communicate at all appropriate levels with the GoG, including the state-owned natural gas company, DEPA. Efendiyev responded that as a result of a single direct charter flight from Baku to Northern Cyprus in 2005, he has been shut out of contact with senior Greek officials, and that all his requests for meetings, including SOCAR meetings with DEPA, had been ignored. At a time when all hands are needed to emphasize with the GoG the benefits of Caspian natural gas flowing through the TGI interconnector, this is unwelcome information. End summary.

¶2. (C) Ambassador met with Ambassador of Azerbaijan to Greece, Mir-Hamza Efendiyev, on June 1, to discuss the Turkey-Greece-Istanbul natural gas interconnector (TGI), and likely Russian efforts to pressure the GoG to accept Gazprom gas in the TGI in return for continued Russian support for the Bourgas-Alexandropoulos (B-A) oil pipeline next week in Moscow. Ambassador outlined difficulties that will be faced to move Azeri gas to Italy, both commercially and politically, and the need for Azerbaijan to show its commitment to making the project work. Ambassador cautioned that for many countries, Gazprom is an easy solution, and it will take hard work to make sure that countries do not take the easy way out. Ambassador noted that the next three weeks would be particularly critical in getting the message out that Azerbaijan was open for business. Baku should get this message clearly to Development Minister Sioufas before he attends the June 7 Moscow meeting with his Russian and Bulgarian counterparts.

¶3. (C) Efendiyev reaffirmed that Azerbaijan has a Western business focus and wants to do business with Greece and the TGI interconnector. However, he said, promoting Azerbaijan's interest with the GoG has proven difficult since 2005, when a single charter flight flew direct from Baku to Northern Cyprus. As a result of this incident, he alleged, he has been blocked or frozen out of any significant meetings with anyone in the GoG. In the last year he had been able to get an appointment with the Minister of Culture, he said, and

that was all. He also noted that last year he had 4 members of Parliament and two deputy ministers come to his National Day event, while this year he got only the MFA desk officer for Azerbaijan. Unfortunately, Efendiyev had never been told that Azerbaijan was being punished for the charter flight, nor had he ever been informed of what Azerbaijan would have to do to get back into the GoG's good graces. In his opinion, Nicosia would have to tell the GoG that it was okay to stop the punishment. The Cypriot and Azeri PermReps have met at least three times in New York, but have not resolved the issue. Efendiyev also noted that there had been a Azeri-Greek committee formed in 2003 to explore the use/sale of Azeri energy in Greece, but since 2005, the Azeris have been unable to get the GoG to agree to a date for a second meeting.

¶4. (C) Ambassador suggested that a temporary solution to this problem was for the appropriate Minister in Baku to summon the Greek Ambassador and deliver the message that Azerbaijan is ready to work with Greece on natural gas for the TGI. Efendiyev said he would report that suggestion to Baku.

¶5. (C) Comment: Although post has heard about the GoG being unhappy with the Air Azeri charter flight before, the repercussions of this irritation have never been presented in quite as strong (or credible) a way. If true, it represents a new and unwelcome impediment to getting a clear message to the GoG from all interested parties about the need for energy diversity, energy security, and the role that Azeri natural gas can play in those areas. The GoG probably calculated that snubbing the Azeris was an inexpensive way to demonstrate its pan-Hellenic spirit to Nicosia. However, the lack of direct contact now threatens to lock Greece into Gazprom's arms without consideration of the Azeri energy alternative. The

Greeks enjoy a good spat as much as anyone, but post will endeavor to point out that hundreds of millions of dollars are involved in this situation, and such diplomatic games could even jeopardize the future energy security of Greece. End comment.

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